Government of Saskatchewan

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Cattle Market Update

For the Week Ending January 23, 2015

All prices are quoted in Canadian dollars per hundredweight ($/cwt) unless otherwise stated.

Saskatchewan Feeder Steer and Feeder Heifer Prices ($/cwt)

Feeder Steers		**300-400**	**400-500**	**500-600**	**600-700**	**700-800**	**800-900**	**900+ lb.**
Jan. 23/2015	Average	**$337.33**	**$328.88**	**$299.63**	**$271.50**	**$250.50**	**$234.33**	**$218.33**
Jan. 23/2015	Range	330-354	316-343	287-314	259-290	239-259	226-243	211-222
Dec.-Jan.	Change	-$10.67	**$9.25**	**$9.75**	**$9.00**	**$4.25**	**$4.08**	**n/a**
Dec. 19/2014	Average	**$348.00**	**$319.63**	**$289.88**	**$262.50**	**$246.25**	**$230.25**	**n/a**
Feeder Heifers		**300-400**	**400-500**	**500-600**	**600-700**	**700-800**	**800+ lb.**	
Jan. 23/2015	Average	**$301.33**	**$288.83**	**$274.25**	**$246.63**	**$225.50**	**$210.88**	
Jan. 23/2015	Range	281-317	273-305	259-295	238-257	218-238	204-217	
Dec.-Jan.	Change	-$1.30	**$3.00**	**$16.50**	**$5.50**	**$0.50**	-$3.79	
Dec. 19/2014	Average	**$302.63**	**$285.83**	**$257.75**	**$241.13**	**$225.00**	**$214.67**	

Source: CanFax

Note: Prices are determined from Saskatchewan auction marts' reports of sale results from Thursday of the previous week to Thursday of the current week. N.A. means not available due to lack of sufficicent data.

Canfax reported that a total of 14,067 head of cattle were sold in Saskatchewan this week, up from 8,938 head the previous week, and up from 10,695 head marketed during the week of December 19. Saskatchewan feeder cattle prices since the December 19 report were overall higher in almost all weight categories. However, feeder cattle prices over the last week were primarily lower in most weight categories due to weakness in futures markets and beef cutout values.

Saskatchewan feeder steer prices since December 19 were higher in most weight categories except the light weight 300-400 lb. weight category which declined $10.67 per cwt. Prices in the remaining feeder steer weight categories since the week of December 19 increased between $4.08 per cwt and $9.75 per cwt with the largest price increase in the 500-600 lb. feeder steer weight category. Feeder steer prices over the last week were lower except in the 400-500 lb. weight category. The 600-700 lb. ($273.38 per cwt) and 700-800 lb. ($257.40 per cwt) feeder steer weight categories established new all-time high record prices the week of January 16, 2015.

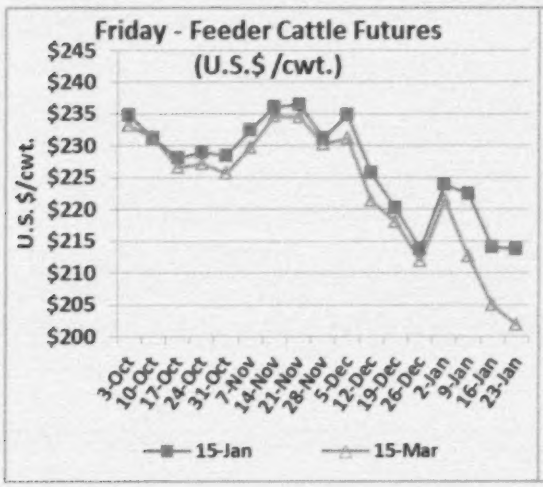
Feeder heifer prices were also overall higher since the week of December 19. Feeder heifer prices ranged from $3.79 per cwt lower to $16.50 per cwt higher. The 800+ lb. feeder heifer weight category had the largest loss since December 19 declining $3.79 per cwt. The 500-600 lb. feeder heifer weight category had the biggest gain since December 19 increasing $16.50 per cwt. Feeder heifer prices over the last week were lower in all weight categories except the 300-400 lb.

weight category. The 500-600 lb. ($275.83 per cwt) and 600-700 lb. ($251.17 per cwt) feeder heifer weight categories reached new all-time high record prices the week of January 16, 2015.

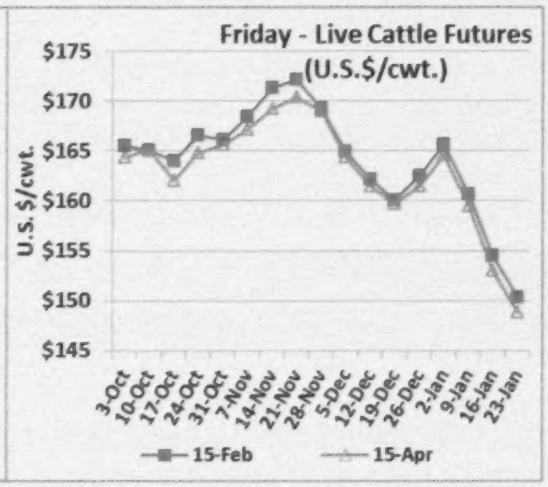
The Saskatchewan 750 lb. feeder steer basis compared to the January 22, 2015, U.S. feeder cattle index at US$220.45 per cwt was calculated at -$23.38 per cwt (US$220.45/0.8049 -$250.50), a basis widening of $1.92 per cwt from -$21.46 per cwt on December 18, 2014.

The Canadian dollar declined 3.07 cents this week to close Friday at 80.49 cents, and is down 5.66 cents since December 19. The markets were shocked when the Bank of Canada decided to lower the overnight lending rate a quarter per cent to equal a new overnight lending rate of three quarters of a per cent. While the decline is negative for importing products it is positive for Canadian commodity exports such as cattle and hogs that are priced in the U.S. market.

Feeder cattle futures prices have being overall trending lower since early December with the March contract declining over US$29 per cwt since December 5. Feeder cattle futures prices were mixed over the week; down early and late in the week. Feeder cattle futures prices ended the week lower, week-over-week. The January futures contract declined US$0.400 per cwt to settle Friday at US$213.700 per cwt, while the March 2015 contract declined US$3.025 per cwt to settle Friday at US$201.825 per cwt.



Source: CME



Source: CME

Live cattle futures prices have being trending overall lower since late November with the February contract declining almost US$22 per cwt since November 21. Live cattle futures prices were mixed over the week but mostly lower, ending the week lower, week-over-week. The February contract declined US$1.300 per cwt over the week to settle Friday at US$160.750 per cwt, while the April 2015 contract declined US$2.075 per cwt to settle Friday at US$160.100 per cwt. Future markets have been overall declining likely on future demand concerns as increased projected U.S. chicken (+2.7%) and pork supplies (+4.6%) for 2015 could limit beef cutout values. Pork and chicken cutout values have declined by over 25 per cent since early October while beef cutout values have increased. There is also concern that the strong U.S. dollar could limit U.S. beef exports which were down by quantity sold in November.

Iowa cash corn prices moved higher increasing 9 cents per bushel over the week to end Friday at US$3.63 per bushel. Daily U.S. corn futures prices were mixed over the week and ended the week relatively flat, week-over-week. The March contract was down slightly to settle Friday at US$3.86¾ per bushel, while the May 2015 corn futures contract increased one cent to settle Friday at $3.95¼ per bushel.

Fed and Non-fed Cattle

	January 23	December 19	Change over December 19
Steers (Alberta)			
Live	n/a	179.21	n/a
Rail	n/a	298.50-300.50	n/a
Cows (Alberta)			
D1,2 Live	132.10	128.13	+3.97
D3 Live	118.63	113.88	+4.75
Rail	256-262	245-250	+11.00

Source: Canfax. (n/a = not available, n/c = no change)

Prices for live weight, non-fed cattle in Alberta were higher since the week of December 19 with D1,2 slaughter cows increasing $3.97 per cwt to average $132.10 per cwt, while the price of D3 slaughter cows increased $4.75 per cwt to average $118.63 per cwt. The price of D1,2 slaughter cows had established a new all-time high record price of $134.90 per cwt the previous week (January 16, 2015), before declining this week.

Cash fed cattle prices in Western Canada for Alberta fed steers were not reported for the week ending January 23, 2015 due to low cash sales volumes. Fed cattle prices the previous week (January 16, 2015) averaged $191.05 per cwt, a new all-time high record price, and up $11.84 per cwt from $179.21 per cwt from the week ending December 19, 2014.

On January 23, 2015, the United States Department of Agriculture (USDA) released the monthly *Cattle on Feed Report* for January 1, 2015.

January 1, 2014 and 2015, Cattle on Feed (in U.S. feedlots with 1,000+ capacity)			
	2013	2014	Per cent of previous year
On feed December 1	10,724,000	10,873,000	101.4
Placed during December	1,679,000	1,544,000	92.0
Marketed during December	1,736,000	1,655,000	95.3
Other disappearance during December	77,000	72,000	93.5
On feed January 1 (2014, 2015)	10,590,000	10,690,000	100.9

Source: USDA
(Note: January 2014, 2015)

The USDA Cattle on Feed (COF) report indicated that the number of cattle placed on feed in December 2014 was 1.544 million head, down eight per cent from 1.679 million head in December 2013, and down 13.7 per cent from 1.789 million head in December 2014. The number of fed cattle marketed in December 2014 was 1.655 million head, down 4.7 per cent from 1.736 million head in December 2013, but up 12.2 per cent from 1.475 million head

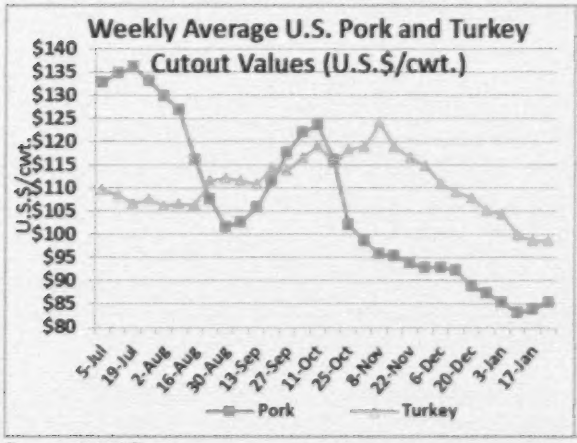
marketed in December 2014. The December cattle placements were about five per cent under the average trade estimates (96.5) while the cattle marketed in December were 0.4 per cent below the average trade estimates (95.7). The cattle on feed for January 1, 2015 were estimated at 10.690 million head, 0.9 per cent above the January 2014 inventory numbers, but 1.7 per cent below the December 2014 numbers. The average trade estimates were expecting 10.755 million head (101.6). The cattle placements and cattle marketed in December were lower than trade estimates along with January 1, 2015 inventory numbers which were lower than trade estimates. The cattle on feed report had no big surprises and with lower than expected overall numbers should be bullish. Likely, other market factors will push the markets over the coming weeks.

The live (FOB feedlot) weighted average 5-area (Texas/Oklahoma/New Mexico, Kansas, Nebraska, Colorado and Iowa/Minnesota) weekly fed steer price in the U.S. was reported at US$159.44 per cwt, down US$3.73 per cwt from US$163.17 per cwt from the previous week, and down US$0.93 from US$158.51 per cwt the week of December 19. The dressed (delivered basis) price for U.S. steers delivered to plants in the 5-area was reported at US$254.68 per cwt, down US$8.48 per cwt from US$263.16 per cwt the previous week, but up US$4.51 per cwt from US$250.17 per cwt the week of December 19.

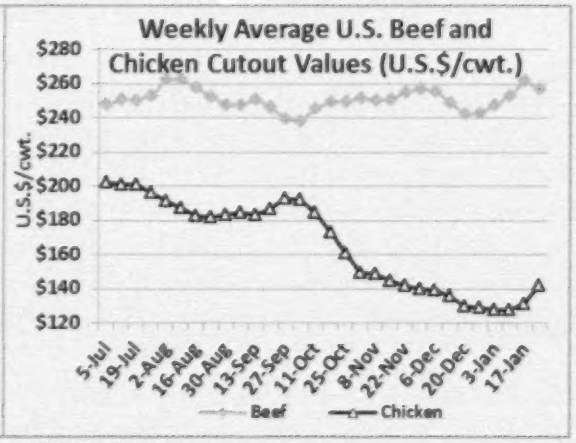
U.S. beef production for the week ending January 24, totaled 473.4 million lb., up 5.3 per cent from 449.5 million lb. from the previous week, and up 3.9 per cent from 455.8 million lb. the week of December 19, 2014. Cattle slaughter numbers were 576,000 head, up 5.5 per cent from 546,000 head the previous week, and up 4.3 per cent from 552,000 head the week of Dec. 19.

Average beef cutout values (Choice 600-900 lb.) for the week ending January 24 averaged US$256.85 per cwt, down US$4.66 per cwt from US$261.51 per cwt from the previous week, but up six per cent from US$242.27 per cwt the week of December 19, 2014.

Since the first week of October 2014, the cutout values of pork and chicken have declined by over twenty-five per cent while the price of beef has increased. At some point the demand for beef could slow and consumers partially substitute for cheaper pork and chicken.



Source: LMIC



Source: LMIC

United States exports of beef plus beef variety meat exports in November 2014 were $626.7 million dollars, down $60.4 million dollars from October 2014, but up $102.2 million dollars from November 2013. By quantity, U.S. exports were 96,348 metric tons in November 2014, down 12.3 per cent from 109,858 metric tons in October 2014, and down 4.9 per cent from 101,341 metric tons in November 2013. Year-to-date ending November 2014, U.S. beef plus beef variety meat exports totaled $6.492 billion dollars, up 15.8 per cent from over the same period in 2013. By quantity, year-to-date November 2014, U.S. beef plus variety meat exports totaled 1,096,482 metric tons, up 2.4 per cent from 1,070,527 metric tons over the same period in 2013. In 2014 the U.S. has had large beef export increases to Mexico, Hong Kong/China, and Korea. (Source: U.S. Meat Export Federation)

Friday Price Information

Product		This Week (January 23)	Week of: (December 19)
Canadian Dollar (closing rate US$)		.8049	.8615
U.S. Cash Cattle			
Thurs. Feeder Cattle (FC) Index (US$ per cwt)		220.45	230.63
Seven-day Weighted Average FC Index Wt. (lb.)		752	738
Live Fed 5-area Steer Price (US$ per cwt)		159.44	158.51
Feed Grains			
Barley	Lethbridge ($/tonne)	202.00	200.00
	($ per bu.)	4.40	4.35
Corn	Iowa State Average (CDN$/tonne)*	177.54	172.73
	(US$ per bu.) (current Wed. price)	3.63	3.78
	Omaha, NE (CDN$/tonne)*	179.50	177.76
	(US$ per bu.)	3.67	3.89
Futures			
	March Corn (US$ per bu.)	3.86¾	4.10½
	May Corn (US$ per bu.)	3.95¼	4.19¾
	February Live Cattle (US$ per cwt)	150.350	160.100
	April Live Cattle (US$ per cwt)	148.800	159.675
	January Feeder Cattle (US$ per cwt)	213.700	220.150
	March Feeder Cattle (US$ per cwt)	201.825	217.975

Sources: Bank of Canada, Iowa Department of Agriculture and Land Stewardship, Chicago Mercantile Exchange (CME), ICE Futures Canada and USDA Livestock & Grain Market News
* conversion to CDN$ is based on Friday's CDN$ closing rate

For more information contact:

Brad Marceniuk, PAg
Provincial Livestock Economist
306-933-5098
brad.marceniuk@gov.sk.ca